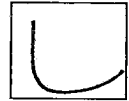


**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**



W-01944A  
Lago Del Oro Water Company  
9532 E. Riggs Rd.  
Sun Lakes, AZ 85248

RECEIVED

MAY 15 2008

AZ CORP COMIM  
Director Utilities

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2007
----	----	------

FOR COMMISSION USE

ANN 04	07
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PROCESSED BY:

5-16-08

SCANNED

## COMPANY INFORMATION

<b>Company Name (Business Name)</b> <u>Lago Del Oro Water Company</u>			
<b>Mailing Address</b> <u>9532 E. Riggs Rd</u>			
<u>Sun Lakes</u> (City)	<u>AZ</u> (State)	<u>85248</u> (Zip)	
<u>(480) 895-9200</u> Telephone No. (Include Area Code)	<u>(480) 895-4347</u> Fax No. (Include Area Code)	 Cell No. (Include Area Code)	
<b>Email Address</b> _____			
<b>Local Office Mailing Address</b> <u>40004 S. Ridgeview Blvd</u>			
<u>Tucson</u> (City)	<u>AZ</u> (State)	<u>85739</u> (Zip)	
<u>(520) 825-3423</u> Local Office Telephone No. (Include Area Code)	<u>(520) 825-0712</u> Fax No. (Include Area Code)	 Cell No. (Include Area Code)	
<b>Email Address</b> _____			

## MANAGEMENT INFORMATION

<b>Management Contact:</b> <u>James Poulos</u>		<u>General Manager</u>	
(Name)		(Title)	
<u>9532 E. Riggs Rd</u> (Street)	<u>Sun Lakes</u> (City)	<u>AZ</u> (State)	<u>85284</u> (Zip)
<u>(480) 895-9200</u> Telephone No. (Include Area Code)	<u>(480) 895-4347</u> Fax No. (Include Area Code)	 Cell No. (Include Area Code)	
<b>Email Address</b> _____			
<b>On Site Manager:</b> <u>Ed MacMeans</u>			
(Name)			
<u>40004 S. Ridgeview Blvd.</u> (Street)	<u>Tucson</u> (City)	<u>AZ</u> (State)	<u>85739</u> (Zip)
<u>(520) 825-3423</u> Telephone No. (Include Area Code)	<u>(520) 825-0712</u> Fax No. (Include Area Code)	 Cell No. (Include Area Code)	
<b>Email Address</b> _____			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

**Statutory Agent:** James Hubbard

(Name)

9532 E. Riggs Rd

(Street)

Sun Lakes

(City)

AZ

(State)

85248

(Zip)

(480) 895-9200

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

**Attorney:** Marty Aronson

(Name)

One E. Camelback Rd

(Street)

Phoenix

(City)

AZ

(State)

85012

(Zip)

(602) 263-2972

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) \_\_\_\_\_

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☒ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

COMPANY NAME Lago Oil & Gas Water Company

**UTILITY PLANT IN SERVICE**

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises	42,602	Ø	42,608
303	Land and Land Rights			
304	Structures and Improvements	156,279	44,085	112,194
307	Wells and Springs	1,801,072	876,010	925,062
311	Pumping Equipment	2,078,714	945,551	1,133,163
320	Water Treatment Equipment	5,990	2,156	3,834
330	Distribution Reservoirs and Standpipes	2,573,213	1,078,354	1,494,859
331	Transmission and Distribution Mains	3,859,333	1,778,370	2,080,963
333	Services	1,410,135	580,548	829,587
334	Meters and Meter Installations	515,077	223,561	291,516
335	Hydrants	529,511	264,532	264,979
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	37,649	15,620	22,029
341	Transportation Equipment	88,849	27,536	61,313
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	98,036	57,601	40,435
346	Communication Equipment	240,288	115,218	125,070
347	Miscellaneous Equipment	37,936	18,275	19,661
348	Other Tangible Plant			
	<b>TOTALS</b>	<b>13,474,690</b>	<b>6,027,417</b>	<b>7,447,273</b>

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME Lago Del Oro Water Company

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises	42,608	Ø	Ø
303	Land and Land Rights			
304	Structures and Improvements	156,279	5.03 %	7,861
307	Wells and Springs	1,801,072	4.81 %	86,560
311	Pumping Equipment	2,078,714	4.86 %	100,978
320	Water Treatment Equipment	5,990	421.76 %	25,263
330	Distribution Reservoirs and Standpipes	2,573,213	4.77 %	122,757
331	Transmission and Distribution Mains	3,859,333	4.66 %	179,689
333	Services	1,410,135	4.63 %	65,287
334	Meters and Meter Installations	515,077	4.72 %	24,331
335	Hydrants	529,511	4.75 %	25,130
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	37,649	20.70 %	7,795
341	Transportation Equipment	88,849	4.98 %	4,421
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	98,036	4.96 %	4,862
346	Communication Equipment	240,288	5.00 %	12,014
347	Miscellaneous Equipment	37,936	4.80 %	1,820
348	Other Tangible Plant			
	<b>TOTALS</b>	<b>13,474,690</b>	<b>4.96 %</b>	<b>668,768</b>

This amount goes on the Comparative Statement of Income and Expense \_\_\_\_\_  
Acct. No. 403.

COMPANY NAME Lago Del Oro Water Company

### BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 79,198	\$ 57,039
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	160,691	151,174
146	Notes/Receivables from Associated Companies	117,850	497,718
151	Plant Material and Supplies		
162	Prepayments	37,144	29,887
174	Miscellaneous Current and Accrued Assets	72,538	155,985
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 467,421	\$ 891,803
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 14,146,839	\$ 13,474,690
103	Property Held for Future Use		
105	Construction Work in Progress	46,475	251,637
108	Accumulated Depreciation – Utility Plant	(5,646,496)	(6,027,417)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 8,546,818	\$ 7,698,910
	<b>TOTAL ASSETS</b>	\$ 9,014,239	\$ 8,590,713

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME *Lago Del Oro Water Company*

**BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$ 51,095	\$ 97,013
232	Notes Payable (Current Portion)	552,000	552,000
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	362,831	310,854
236	Accrued Taxes	80,631	115,707
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	31,953	30,501
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 1,078,510	\$ 1,106,075
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$ 1,482,966	\$ 1,430,966
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	598,915	541,611
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	534,252	617,102
272	Less: Amortization of Contributions	(363,650)	(383,427)
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$ 769,517	\$ 775,286
	<b>TOTAL LIABILITIES</b>	\$ 3,830,993	\$ 3,312,327
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 150,500	\$ 150,500
211	Paid in Capital in Excess of Par Value	4,322,625	4,322,625
215	Retained Earnings	710,121	805,261
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$ 5,183,246	\$ 5,278,386
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 9,014,239	\$ 8,590,713

COMPANY NAME *Lago Del Oro Water Company*

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 1,901,501	\$ 1,921,853
460	Unmetered Water Revenue		
474	Other Water Revenues	22,315	17,343
	<b>TOTAL REVENUES</b>	\$ 1,923,816	\$ 1,939,196
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 135,495	\$ 169,665
610	Purchased Water		
615	Purchased Power	342,660	401,919
618	Chemicals	9,560	13,310
620	Repairs and Maintenance	78,833	80,830
621	Office Supplies and Expense		
630	Outside Services	60,456	54,220
635	Water Testing	17,922	34,073
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability	23,691	21,933
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	60,242	51,146
403	Depreciation Expense	659,873	668,768
408	Taxes Other Than Income		
408.11	Property Taxes	120,167	113,169
409	Income Tax	53,033	66,027
	<b>TOTAL OPERATING EXPENSES</b>	\$ 1,561,932	\$ 1,675,060
	<b>OPERATING INCOME/(LOSS)</b>	\$ 361,884	\$ 264,136
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$ 21,229	\$ 12,879
421	Non-Utility Income	2,947	5,122
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(227,320)	(186,997)
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	\$ (203,144)	\$ (168,996)
	<b>NET INCOME/(LOSS)</b>	\$ 158,740	\$ 95,140



COMPANY NAME Lago Del Oro Water Company

**SUPPLEMENTAL FINANCIAL DATA**

**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	7/27/06			
Source of Loan	California Bank & Trust			
ACC Decision No.	62845			
Reason for Loan	Plant Additions			
Dollar Amount Issued	\$2,764,966	\$	\$	\$
Amount Outstanding	\$1,982,966	\$	\$	\$
Date of Maturity	7/27/09			
Interest Rate	Prime %	%	%	%
Current Year Interest	\$186,996	\$	\$	\$
Current Year Principle	\$552,000	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ 310,854

Meter Deposits Refunded During the Test Year

\$ 79,953

<b>COMPANY NAME</b> Lago Del Oro Water Company
<b>Name of System:</b> ADEQ Public Water System Number:

## WATER COMPANY PLANT DESCRIPTION

### WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
See ATTACHED						

\* Arizona Department of Water Resources Identification Number

### OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
See ATTACHED		391	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
See ATTACHED		See ATTACHED	

*Note: If you are filing for more than one system, please provide separate sheets for each system.*

Lago Del Oro Water Company  
Water Company Plant Descriptions  
December 31, 2007

Wells:

ADWR ID No.	Pump Horsepower	Pump Yield (gpm)	Casing Depth (feet)	Casing Diameter (inches)	Meter Size (inches)	Year Drilled
55-613452	75	560	804	16	6	1963
55-613453	10	50	450	8	3	1973
55-613459	2	15	241	8	1	1973
55-613454	150	350	800	16	8	1963
55-514519	N/A	N/A	N/A	N/A	N/A	N/A
55-613455	15	75	300	10	3	1972
55-613456	30	120	450	8	3	1973
55-613460	10	25	495	8	2	1972
55-613457	8	120	225	8	3	1972
55-613458	3	35	609	8	1	1981
55-623397	15	70	310	10	2	1971
55-518207	200	1,385	800	16	8	1987
55-526451	200	1,000	804	16	8	1990
55-547494	300	1,300	959	16	10	1996
55-548874	200	1,100	1,100	16	10	1995
55-548873	100	330	1,109	16	6	1996
55-573651	150	490	1,200	20	6	1999
55-206036	250	1,200	1,340	16	10	2005

Other Water Sources:

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
---------------------	-------------------	-------------------------------------------------

Booster Pumps:

Horsepower	Quantity
75	3
50	2
40	2
30	6
20	6
15	4
10	2
5	4
3	1

Fire Hydrants:

Type	Quantity
Standard	391
Other	

Storage Tanks:

Capacity	Quantity
500,000	2
250,000	2
200,000	1
100,000	1
12,000	3

Pressure Tanks:

Capacity	Quantity
15,000	1
10,000	2
6,000	2
2,000	6
1,000	3

<b>COMPANY NAME</b> Lago Oil and Water Company
<b>Name of System:</b> ADEQ Public Water System Number:

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

MAINS		
Size (in inches)	Material	Length (in feet)
2	PVC	5,943
3	PVC	20,497
4	PVC	86,007
5		
6	PVC	163,648
8	PVC	122,222
10	PVC	23,676
12	PVC	4,903

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	
3/4	6,084
1	68
1 1/2	14
2	54
Comp. 3	4
Turbo 3	
Comp. 4	1
Turbo 4	
Comp. 6	4
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

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STRUCTURES:

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OTHER:

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*Note: If you are filing for more than one system, please provide separate sheets for each system.*

COMPANY NAME: <u>Lago Del Oro Water Company</u>	
Name of System:	ADEQ Public Water System Number:

### WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2007

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	6,055	55,663	52,454	Ø
FEBRUARY	6,072	60,178	65,380	Ø
MARCH	6,091	63,549	60,298	Ø
APRIL	6,111	73,237	84,356	Ø
MAY	6,120	67,625	81,047	Ø
JUNE	6,123	104,140	121,740	Ø
JULY	6,127	112,040	98,358	Ø
AUGUST	6,131	65,946	76,853	Ø
SEPTEMBER	6,126	94,372	95,249	Ø
OCTOBER	6,131	92,347	82,234	Ø
NOVEMBER	6,135	75,620	87,055	Ø
DECEMBER	6,137	40,008	45,881	Ø
TOTALS →		904,725	950,905	Ø

What is the level of arsenic for each well on your system? See ATTACHED mg/l  
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 1,250 GPM for 2 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?  
☒ Yes                      ( ) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?  
☒ Yes                      ( ) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?  
☒ Yes                      ( ) No

If yes, provide the GPCPD amount: 231 (2000)

***Note: If you are filing for more than one system, please provide separate data sheets for each system.***

# Lago Del Oro Water Company

Well #	Service Location	Section	DWR	Well ID #	Arsenic Levels
Well # 1 - POE 001	15916 N. Capstan Avenue	9	55-613452	D-11-14-9-AAA	<0.002 PPM
Well # 2 - POE 002	3415 E. Golder Ranch Road	9	55-613453	D-11-14-9-CDA	<0.002 PPM
Well # 3 - POE 003	5400 E. Golder Ranch Road	23	55-613459	D-11-14-23-DBD	<0.002 PPM
Well # 4 - POE 004	Section 23	23	55-514519	D-10-14-23-CAC	<0.002 PPM
Well # 5 - POE 005	15850 N. Lago Del Oro Parkway	10	55-613455	D-11-14-10-AAD	<0.002 PPM
Well # 6 - POE 006	16515 N. Lago Del Oro Parkway	2	55-613456	D-11-14-2-BDB	<0.002 PPM
Well # 7 - POE 007	Edwin Road	11	55-613460	D-11-14-11-ABD	<0.002 PPM
Well # 8 - POE 008	5447 E. Edwin Road	35	55-613457	D-10-14-35-DCC	<0.002 PPM
Well # 11 - POE 003	5180 E. Golder Ranch Road	23	55-613458	D-11-14-23-ACC	
Well # 13 - POE 013	3280 E. Lamb Drive	9	55-623397	D-11-14-9-BBD	<0.002 PPM
Well # 14 - POE 014	38514 S. Canyon View Court	27	55-518207	D-10-14-27-DDD	<0.002 PPM
Well # 15- POE 015	63579 S. SaddleBrooke Blvd.	35	55-526451	D-10-14-27-ACB	<0.002 PPM
Well # 16 - POE 004	35729 S. Boulder Crest Drive	23	55-547494	D-10-14-23-ACB	
Well # 17 - POE 017	37745 S. Boulder Wind Drive	27	55-548874	D-10-14-27-BCD	<0.002 PPM
Well # 18 - POE 017	63182 E. Desert Highland Drive	34	55-548873	D-10-14-34-BAB	
Well # 19 - POE 019	62971 E. Amberwood Court	34	55-573651	D-10-14-34-BBD	<0.002 PPM
Well # 22 - POE 019					
Water Plant # 1 - POE 014	38514 S. Canyon View Court	27			
Water Plant # 2 - POE 004	35729 S. Boulder Crest Drive	23			
Water Plant # 3 - POE 017	38209 S. Desert Bluff Drive	27			
Water Plant # 4 - POE 019	62971 E. Amberwood Court	34			

COMPANY NAME Lago Oil Oro Water Company YEAR ENDING 12/31/2007

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2007 was: \$ 116,660.69

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

THIS CHECK IS VOID WITHOUT A GREEN & BLUE BORDER AND BACKGROUND PLUS A KNIGHT & FINGERPRINT WATERMARK ON THE BACK - HOLD AT ANGLE TO VIEW

**LAGO DEL ORO WATER COMPANY**  
9532 E Riggs Rd  
San Luke, AZ 85248-7411

**JPMorgan Chase Bank, N.A.**  
201 N Central Ave Dept 383  
Phoenix, AZ 85038

91-2/1221 **309993**

Date	Amount
04/13/07	\$*****55,604.89

**Pay**  
**FIFTY FIVE THOUSAND SIX HUNDRED FOUR AND 89/100 \*\*\*\*\***

Dollars

**To The Order Of** **BETH FORD, PIMA COUNTY TREASURER**  
P O BOX 98765  
PHOENIX AZ 85038-0765

*[Signature]*

SIGNATURE AREA CONTAINS A KNIGHT & FINGERPRINT CHECK WORDING

⑈309993⑈ ⑆122100024⑆ 0969 1135⑈ ⑆0005560489⑆

ABSENCE OF PINK U.S. PATENT NUMBERS UNDER SIGNATURE INDICATES CHECK IS FRAUDULENT PATENT NUMBERS ARE PRINTED WITH HEAT SENSITIVE INK & WILL DISAPPEAR WHEN BLOWING OR RUBBING

THIS CHECK IS VOID WITHOUT A GREEN & BLUE BORDER AND BACKGROUND PLUS A KNIGHT & FINGERPRINT WATERMARK ON THE BACK - HOLD AT ANGLE TO VIEW

1. Absence of the Knight & Fingerprint watermark on the back of the check indicates that this check is fraudulent. These words are printed with a pink heat sensitive ink that will disappear when blowing or rubbing.

2. The back of this check has an embossed watermark of a knight and a fingerprint.

3. Signatures on the front of the check are printed with a different background than the signature area on the back of the check.

4. Artificial invisible blue fluorescent watermarks & blue fluorescent fibres may be seen under a black light.

5. Micro Printing in the borders on the face & back under magnification look for Fingerprint Security wording. The Left & Right border is imprinted.

TO VIEW WATERMARKS  
HOLD AT ANGLE  
OR  
UNDER BLACKLIGHT

1801-837 Pima County Arizona 161  
1221017064 E3395 94 P83  
04/28/07

KNIGHT & FINGERPRINT

DO NOT WRITE, STAMP OR SIGN BELOW - RESERVED FOR FINANCIAL INSTITUTION USE

Location	Acct #	Original Acct #	Check #	Original Check #	Amount	Original Amount	Issue Date	Paid Date
CD	9691135	9691135	309993	309993	\$55,604.89	\$55,604.89	4/23/2007	
Original Paid Date	Sequence	Customer Data	Bank #	Original R/T Number	GL Category	CD Valid/CIMS Key		
4/23/2007	2310449074		601	601		20070430337201		
CD Label	Process Control							

20070430337201



THIS CHECK IS VOID WITHOUT A GREEN & BLUE BORDER AND BACKGROUND PLUS A KNIGHT & FINGERPRINT WATERMARK ON THE BACK - HOLD AT ANGLE TO VIEW

**LAGO DEL ORO WATER COMPANY**  
 9532 E Riggs Rd  
 Sun Lakes, AZ 85248-7411

**JPMorgan Chase Bank, N.A.**  
 201 N Central Ave Dept 383  
 Phoenix, AZ 85038

91-2/2221 **310353**

Date	Amount
10/19/07	\$****52,010.50

**Pay**  
**FIFTY TWO THOUSAND TEN AND 50/100** \*\*\*\*\*

Dollars

**To The Order Of** **BETH FORD, PIMA COUNTY TREASURER**  
**P O BOX 29011**  
**PHOENIX AZ 85038-9011**

SIGNATURE AREA CONTAINS A KNIGHT & FINGERPRINT CHECK WORDING

11310353 122100024 0969 1135 0005201050

ABSENCE OF PINK U.S. PATENT NUMBERS UNDER SIGNATURE INDICATES CHECK IS FRAUDULENT. PATENT NUMBERS ARE PRINTED WITH HEAT SENSITIVE INK & WILL DISAPPEAR WHEN BLOWING OR RUBBING

**THIS CHECK ALSO CONTAINS THE FOLLOWING SECURITY FEATURES**  
 which are covered under U.S. Patents 5,531,800; 5,755,508; 5,641,183; 5,755,551; 5,943,454 & 6,030,400

1. Absence of the **Knights** **Fingerprint** Check wording & **Fingerprint** in the endorsement area above & to the left of the U.S. Patent numbers.
2. The back of this check has an **artificial Knights** **Fingerprint** watermark which may be seen by holding the check at an angle.
3. Signature area on the front contains a **Knights** **Fingerprint** Check wording with a **Wavy Line** background. The amount line is a different background than the signature area or the balance of the check.
4. **Artificial invisible Blue Fluorescent Watermarks** & **Blue Fluorescent Fibers** may be seen under a black light.
5. **Micro Printing** in two borders on the front & back. Under magnification, look for **Fingerprint** Security wording. The Left & Right border is multi-colored.

**TO VIEW WATERMARKS: HOLD AT ANGLE OR UNDER BLACKLIGHT**

**KNIGHT™ FINGERPRINT**

**FINGERPRINT**

**DO NOT WRITE, STAMP OR SIGN BELOW - RESERVED FOR FINANCIAL INSTITUTION USE**

**1833-241 91022 BANK OF AMERICA 161 122101784 12576 99 10/23/07**

**THIS CHECK IS VOID WITHOUT A GREEN & BLUE BORDER AND BACKGROUND PLUS A KNIGHT & FINGERPRINT WATERMARK ON THE BACK - HOLD AT ANGLE TO VIEW**

**KNIGHT & FINGERPRINT WATERMARK** - If the check is also covered by any of the following U.S. Patents, the watermark will be visible when the check is held at an angle to the light.

**ENDORSE HERE** U.S. PATENTS NO. 5,531,800; 5,755,508; 5,641,183; 5,755,551; 5,943,454 & 6,030,400

Location	Acct #	Original Acct #	Check #	Original Check #	Amount	Original Amount	Issue Date	Paid Date
CD	9691135	9691135	310353	310353	\$52,010.50	\$52,010.50	10/24/2007	10/24/2007
Original Paid Date	Sequence	Customer Data	Bank #	Original R/T Number	GL Category	CD Void/CIMS Key		
10/24/2007	6310032798		601	601		20071031136901		
CD Label	Process Control							
20071031136901								

**LAGO DEL ORO WATER COMPANY**9532 E Riggs Rd  
Sun Lakes, AZ 85248 7411JPMorgan Chase Bank, N.A.  
201 N Central Ave Dept 383  
Phoenix, AZ 85038

91-2/1221

**309989****Pay**

Date	Amount
04/13/07	\$*****4,395.86

**FOUR THOUSAND THREE HUNDRED NINETY FIVE AND 86/100 \*\*\*\*\***

Dollars

To **JIM L TURNBULL - PINAL COUNTY TREASURER**  
 The **PINAL COUNTY TREASURERS OFFICE**  
 Order **PO BOX 729**  
 Of **FLORENCE AZ 85232-0729**



SIGNATURE AREA CONTAINS A KNIGHT &amp; FINGERPRINT CHECK WORDING

⑈309989⑈ ⑆122100024⑆ 0969 1135⑈

ABSENCE OF PINK U.S. PATENT NUMBERS UNDER SIGNATURE INDICATES CHECK IS FRAUDULENT. PATENT NUMBERS ARE PRINTED WITH HEAT SENSITIVE INK &amp; WILL DISAPPEAR WHEN BLOWING OR RUBBING.

For Deposit Only  
 J.P. Morgan Chase Bank  
 Pinal County Treasurer  
 >13248988<

Location	Acct #	Original Acct #	Check #	Original Check #	Amount	Original Amount	Issue Date	Paid Date
CD	9691135	9691135	309989	309989	\$4,395.86	\$4,395.86		4/19/2007
Original Paid Date	Sequence	Customer Data	Bank #	Original R/T Number	GL Category	CD Valid/CIMS Key		
4/19/2007	2210358157		601	601		20070430337201		
CD Label	Process Control							
20070430337201								

**THIS CHECK IS VOID WITHOUT A GREEN & BLUE BORDER AND BACKGROUND PLUS A KNIGHT & FINGERPRINT WATERMARK ON THE BACK - HOLD AT ANGLE TO VIEW**

JPMorgan Chase Bank, N.A.  
201 N Central Ave Dept 383  
Phoenix, AZ 85038

91-2/1221

310323

**LAGO DEL ORO WATER COMPANY**

9532 E Riggs Rd  
Sun Lakes, AZ 85248-7411

## Pay

305-81-14400

Date	Amount
10/05/07	\$*****4,649.44

FOUR THOUSAND SIX HUNDRED FORTY NINE AND 44/100 \*\*\*\*\*

Dollars

To  
The  
Order  
Of

**L PAUL LARKIN - PINAL COUNTY TREASURER**  
**PINAL COUNTY TREASURERS OFFICE**  
**PO BOX 729**  
**FLORENCE AZ 85232-0729**

**SIGNATURE AREA CONTAINS A KNIGHT & FINGERPRINT CHECK WORDING**

№310323 №122100024: 0969 1135

ABSENCE OF PINK U.S. PATENT NUMBERS UNDER SIGNATURE INDICATES CHECK IS FRAUDULENT. PATENT NUMBERS ARE PRINTED WITH HEAT SENSITIVE INK & WILL DISAPPEAR WHEN BLOWING OR RUBBING.

**THIS CHECK ALSO CONTAINS THE PATENTED SECURITY FEATURES**  
which are covered under U.S. Patents 5,142,811 and 5,650,875.

5785353, 5943436, 6162006

1. Absence of the **Knights Templar** **Fingerprint** **Creek** in the endorsement area above the U.S. Patent No. 5,142,811 and the signature on the face indicates that this check is fraudulent. The signature is printed with a pink heat sensitive ink that will disappear when the check is rubbed.
2. The back of this check has an artificial **Knights Templar** **Fingerprint** watermark, which may be seen by holding the check at an angle.
3. Signature area on the front contains a **Knights Templar** **Fingerprint** **Creek** wording with a **Way Line** background. The amount line is printed on a fluorescent background that is the signature area or the balance of the check.
4. Artificial invisible **Blue** **Fluorescent** **Watermark** may be seen under a black light.
5. **Micro** **Printing** in the borders on the face and back of the check (magnification required for Micro **Printing** security wording). The **Left** **Right** border is multicolored.

any bank  
rer  
121535041  
10/10/2007

**KNIGHT™  
FINGERPRINT**

TO VIEW WATERMARKS  
HOLD AT ANGLE  
OR  
UNDER BLACKLIGHT

**FINGERPRINT**

EXAMPLE OF XAC(117) TR

PARSIMI & OR FINGIT APPHINT

THIS CHECK IS VOID WITHOUT A MULTICOLORED BACKGROUND ON THE FRONT AND THE SAME BACKGROUND IN THE ENDORSEMENT AREA. THE CHECK ALSO CONTAINS AN ARTIFICIAL MICR™ & FINGERPRINT WATERMARK. SEE P. 200 FOR ARTIFICIAL INK & PAPER FEATURES. FEDERAL RESERVE U.S. PATENTS AND DESIGNS 2008, 2011, 2015 & 2016. 100% COTTON FIBER. 100% RECYCLED PAPER.

<u>Location</u>	<u>Acct #</u>	<u>Original Acct #</u>	<u>Check #</u>	<u>Original Check #</u>	<u>Amount</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Paid Date</u>
CD	9691135	9691135	310323	310323	\$4,649.44	\$4,649.44		10/12/2007
<u>Original Paid Date</u>	<u>Sequence</u>			<u>Customer Data</u>	<u>Bank #</u>	<u>Original R/T Number</u>	<u>GL Category</u>	<u>CD VolID/CIMS Key</u>
10/12/2007	6310605924				601	601		20071031136901
	<u>CD Label</u>	<u>Process Control</u>						
20071031136901								

COMPANY NAME Lago Oil Oro Water Company YEAR ENDING 12/31/2007

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported 359,220  
Estimated or Actual Federal Tax Liability 122,135

State Taxable Income Reported 392,348  
Estimated or Actual State Tax Liability 27,339

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances Ø  
Amount of Gross-Up Tax Collected Ø  
Total Grossed-Up Contributions/Advances Ø

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

  
\_\_\_\_\_  
SIGNATURE

5-15-08  
\_\_\_\_\_  
DATE

James Panlos  
\_\_\_\_\_  
PRINTED NAME

General Manager  
\_\_\_\_\_  
TITLE

**VERIFICATION  
AND  
SWORN STATEMENT**  
Taxes

RECEIVED

MAY 15 2008

AZ CORP COMM  
Director Utilities

**VERIFICATION**

STATE OF Arizona

I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME)	<u>Maricopa</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>James Parlos - General Manager</u>
COMPANY NAME	<u>Lago Del Oro Water Company</u>

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2007</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

2

SIGNATURE OF OWNER OR OFFICIAL

(480) 895-9200

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

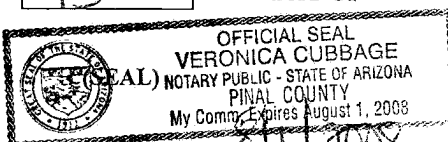
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

15

DAY OF

COUNTY NAME	<u>Pinal</u>
MONTH	<u>May</u>
	<u>2008</u>



MY COMMISSION EXPIRES

8/1/2008

Veronica Cubbage

SIGNATURE OF NOTARY PUBLIC

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

RECEIVED

MAY 15 2008

AZ CORP COMM  
Director Utilities

**VERIFICATION**

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<u>Maricopa</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>James Poulos - General Manager</u>
COMPANY NAME	<u>Lago Del Oro Water Company</u>

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2007 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 2,127,696

(THE AMOUNT IN BOX ABOVE

INCLUDES \$ 138,609

IN SALES TAXES BILLED, OR COLLECTED)

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

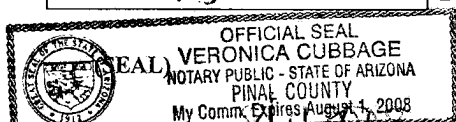
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

15

DAY OF



MY COMMISSION EXPIRES

SIGNATURE OF OWNER OR OFFICIAL

(480) 895-9200

TELEPHONE NUMBER

COUNTY NAME

Pinal

MONTH

May

2008

Veronica Cubbage

SIGNATURE OF NOTARY PUBLIC

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
Intrastate Revenues Only**

RECEIVED

MAY 15 2008

AZ CORP COMM  
Director Utilities

**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

COUNTY OF (COUNTY NAME) <u>Maricopa</u>	
NAME (OWNER OR OFFICIAL) <u>James Parlas</u>	TITLE <u>General Manager</u>
COMPANY NAME <u>Lago Del Oro Water Company</u>	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2007 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 1,783,035

THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 111,086  
IN SALES TAXES BILLED, OR COLLECTED)

**\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.**

SIGNATURE OF OWNER OR OFFICIAL

(480) 895-9200

TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

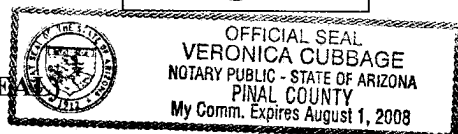
**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS**

15

**DAY OF**

(SEAL)



**MY COMMISSION EXPIRES**

8/1/2008

NOTARY PUBLIC NAME <u>Veronica Cubbage</u>	
COUNTY NAME <u>Pinal</u>	
MONTH <u>May</u>	YEAR <u>2008</u>

X Veronica Cubbage  
SIGNATURE OF NOTARY PUBLIC